

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch ***

**RESOLUTION T-16557
November 8, 2001**

R E S O L U T I O N

RESOLUTION NO. T-16557. TO ADOPT THE BUDGETS FOR THE FISCAL YEAR FROM JULY 1, 2002, THROUGH JUNE 30, 2003, FOR THE PAYPHONE SERVICE PROVIDERS ENFORCEMENT PROGRAM (PSPE), THE PUBLIC POLICY PAYPHONE PROGRAM (PPPP) AND THE TELECOMMUNICATIONS DEVICES FOR THE DEAF (TDD) PLACEMENT INTERIM COMMITTEE PROGRAM (TPIC).

BY PSPE COMMITTEE LETTER SUBMITTED MAY 30, 2001, AND LETTER SUBMITTED JUNE 7, 2001, AND COMMISSION STAFF PROJECTED EXPENSES.

SUMMARY

This resolution adopts the fiscal year 2002/03 budgets for PSPE, PPPP and TPIC. The original draft of this resolution was devoted only to the PSPE. Resolutions T-16558 and T-16559, which contained the proposed 2002/03 budgets for the PPPP and the TPIC, have been removed from the Commission calendar.

Effective October 1, 2001, the Commission internalized the operations of PSPE, PPPP and TPIC under the Consumer Services Division. The trust funds for these programs were transferred to the Commission by October 1, 2001 and thereafter by the Commission to the State Controller.

This resolution adopts a budget of \$1,041,087 for the PSPE. The current surcharge rate of \$0.10 per pay telephone line per month remains unchanged. For the PPPP, a budget of \$151,667 is adopted. For the TPIC, a budget of \$310, 667 is adopted. Because large carryover funds are estimated for PPPP and TPIC on July 1, 2002, the zero surcharge rates adopted for both of these programs in Resolution T-16590 shall continue until further order of the Commission. The adopted budgets for PSPE, PPPP and TPIC are set forth in column C of APPENDICES A, B and C of this resolution.

BACKGROUND

The following briefly summaries describe the statutory requirements and development of the three payphone programs. Discussion of the PSPE and TPIC committees in these summaries refers to responsibilities before the passage of SB 669 that establishes the Payphone Service Providers Committee (PSPC), as an advisory board to the Commission. This board replaces the TPIC and PSPE committees as of October 1, 2001; however, all existing TPIC and PSPE members are members of the PSPC on an interim basis until such time that the permanent committee can be established.

1. *The Payphone Service Providers Enforcement Program (PSPE)*. Commission Decision No. 90-06-018, dated June 6, 1990, established as part of an adopted settlement agreement the Customer Owned Payphone (COPT) Enforcement Program to implement a payphone tariff enforcement program. The COPT Enforcement Subcommittee was subsequently renamed the PSPE Committee (Committee) and is funded by a surcharge, authorized by the Commission on the COPT lines. The Commission ordered Payphone Service Providers (PSPs) to pay the surcharge on their COPT lines within all service territories of the State of California.

Prior to the implementation of SB 669, the purpose of the Committee was to serve as a Commission advisory body with the responsibility to assist and make recommendations to the Commission regarding administration of the surcharge monies remitted to the PSPE and to implement the independent administration of payphone enforcement programs. The Committee also made recommendations to the PSPE for the enforcement of payphone consumer safeguards as set forth in the tariffs filed with the Commission. The purpose of the PSPE is to enforce the tariffs, rules and regulations of the Commission, including, but not limited to, signage requirements, rate caps for intraLATA and interLATA calls within the state by inspecting pay telephones and by advising the Local Exchange Carriers (LECs) and Competitive LECs (CLECS) to disconnect pay telephones not in compliance with their respective tariffs. This program has been supported by eight inspectors and a supervisor who inspect payphones throughout the state to ensure compliance with state regulations. A statewide hotline, also administered by PSPE, has been available to respond to complaints and other inquiries by payphone users as well as payphone owners.

2. *The Public Policy Payphone Program (PPPP)*. Commission Decision 98-11-029, dated November 5, 1998, adopted policies and procedures for the PPPP. The PPPP provides payphones to the general public in the interest of public health,

safety, and welfare at no charge at locations where there would otherwise not be a payphone. Public policy payphones are placed at locations designated as emergency gathering places or locations where residents where residents cannot individually subscribe to telephone service because of unavailability of facilities. Another requirement is that there must be no other payphone located within 50 yards of the public policy payphone.

California has had a public policy payphone program in place since 1990, pursuant to Decision 90-06-018 (36 CPUC 2nd 446 at 461 (1990)). This program existed only in the service territories of Pacific Bell and GTE California Incorporated (GTEC), now Verizon. Decision 98-11-029 expanded the public policy program statewide. The PSPE charter provided for the oversight of the PPPP by the PSPE Committee.

3. TDD Placement Interim Committee (TPIC). Pursuant to Decision No. 97-12-104, effective December 16, 1997, the Commission established the TPIC to design and implement a program that provides for publicly available telecommunications devices capable of servicing the needs of the deaf or hearing impaired in existing buildings, structures, facilities, and public accommodations as required by Section 2881.2 of the Public Utilities Code. The TPIC is to be funded by an incremental surcharge of up to 0.0002, or 0.02%, applicable to the billing base to which the Deaf and Disabled Telecommunications Program (DDTP) surcharge is applied. The maximum funding limit for the DDTP surcharge (the aggregate of both the DDTP and the TPIC surcharges) is capped at 0.50%.

Subject to the direction, control, and approval of the Commission, the TPIC mission has been to determine and specify locations within existing buildings, structures, facilities and public accommodations for the placement of program equipment and to ensure consideration for the procurement, installation, and maintenance of the program equipment. The TPIC also advised on meeting the requirements of Section 2881.2 of the Public Utilities Code.

DISCUSSION

The Committee submitted the estimated fiscal year 2003/03 budgets for PSPE, PPPP and TPIC before the internalization of these payphone programs under the Consumer Services Division (CSD) and the transfer of the funds for each payphone program to the Commission and then to the State Controller effective October 1, 2001. The Telecommunications Division (TD) estimates for the fiscal year 2002/03 budgets for PSPE, PPPP and TPIC were based on these payphone programs being operated by the CSD. Although the Committee and TD estimated budgets for PSPE, PPPP and TPIC are

relatively close in dollar amounts, a comparison of the individual expense categories is not relevant. In the expenses for audits, the Committee estimated no expenses for each of the payphone programs but TD estimated \$86,667. TD has the opportunity to base the PSPE, PPPP and TPIC budgets on more current information related to expenses and balances for each of the payphone programs.

For the PSPE, TD estimates expenses of \$1,041,087, revenues of \$297,861 and an ending balance of \$718,387 on June 30, 2003. TD estimates that the current surcharge rate of \$0.10 per payphone line per month should remain unchanged until further order of the Commission.

For the PPPP, TD estimates expenses of \$151,667, revenues of \$0.00 and an ending balance of \$549,441 on June 30, 2003. TD estimates that the current surcharge rate of \$0.00 per payphone line per month should remain unchanged until further order of the Commission.

For the TPIC, the TD estimates expenses of \$310,667, revenues of \$0.00 and an ending balance of \$1,784,505 on June 30, 2003. TD estimates that the current surcharge rate of 0.00% should remain unchanged until further order of the Commission.

NOTICE OF AVAILABILITY OF CONFORMED RESOLUTION

In the past the Commission has served hard copies of resolutions on carriers and parties on the appropriate service list(s). To be consistent with the Commission's commitment to utilize the Internet for distributing Commission orders and information, TD has sent a letter of notice to the parties of record in I.88-04-029 as well as the LECs and CLECs informing them of the availability of the original draft resolutions, as well as the conformed resolutions, on the Commission's web site, www.cpuc.ca.gov. In addition, a hard copy of the conformed copy of this resolution will be provided to all parties on the appropriate service lists for these programs.

COMMENTS

In accordance with PU Code Section 311(g), TD mailed a copy of the original draft resolutions on July 24, 2001 to the parties of record on the appropriate service lists for the three payphone programs. Additionally, a letter was mailed to all LECs and CLECs advising them of the availability of the original draft resolutions on the Commission's web site, www.cpuc.ca.gov. No protests or comments have been received.

NOTICE/PROTESTS

On October 17, 2001, TD placed a notice on the Commission's Daily Calendar of the availability of this resolution and how it revises and replaces the earlier draft resolutions. The notice states that any responses and/or protests must be made in writing and received by the Commission within seven days. No protests or comments have been received.

FINDINGS

1. By October 1, 2001, the PSPE, PPPP and TPIC funds were forwarded to the Commission and thereafter forwarded to the State Controller.
2. Effective October 1, 2001, the PSPE, PPPP and TPIC programs were internalized by the Commission for operation by the Consumer Services Division.
3. P. U. Code Section 279 (a) establishes the Payphone Service Providers Committee (PSPC), which replaced the three payphone program committees, effective October 1, 2001.
4. Members of the former three payphone committees are interim members of the PSPC pending nomination and appointment of permanent members.
5. A budget of \$1,041,087 for the PSPE fiscal year 2002/03 budget as set forth in column C of Appendix A is reasonable and should be adopted.
6. A budget of \$310,667 for the TPIC fiscal year 2002/03 budget as set forth in column C of Appendix C is reasonable and should be adopted.
7. A budget of \$151,667 for the PPPP fiscal year 2002/03 budget as set forth in column C of Appendix B is reasonable and should be adopted.
8. The zero surcharge rates for the PPPP and the TPIC are reasonable and should be adopted.
9. The current \$0.10 per payphone line per month surcharge rate for the PSPE is reasonable and should be adopted.

THEREFORE, IT IS ORDERED that:

November 8, 2001

1. The fiscal year 2002/2003 budgets for the Payphone Service Providers Enforcement Program (PSPE), the Public Policy Payphone Program (PPPP) and the Telecommunications Devices for the Deaf Placement Interim Committee Program (TPIC) set forth in column C of APPENDICES A, B and C of this resolution are adopted.
2. The surcharge rate for the PSPE shall be continued at \$0.10 per pay telephone line per month until further order of the Commission.
3. The surcharge rates for the PPPP and the TPIC shall remain at zero until further order of the Commission.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 8, 2001. The following Commissioners approved it:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN
Commissioners

Commissioner Henry M. Duque, being necessarily absent, did not participate.

					APPENDIX A		
PSPE COMMITTEE					ADOPTED	COMMITTEE	COMMISSION
PROGRAM BUDGET FOR FISCAL YEAR 01-02					FISCAL YEAR	PROPOSED	ADOPTED
					2001-02 BUDGET	FY 2002-03	FY 2002-03
					RES. - T -16590		
					A	B	C
1	BEGINNING FUND BALANCE				\$2,234,319	\$795,840	\$1,461,613
	REVENUES						
2	PROJECTED PAYPHONE NUMBER				248,218	248,218	248,218
3	PAYPHONE PER MONTH				\$0.10	\$0.10	\$0.10
4	SURCHARGE REVENUE				\$297,861	\$297,862	\$297,861
	OTHER INCOME						
5	INVESTMENT INCOME						\$0
6	INTEREST				\$21,833	\$54,000	\$0
7	PENALTY						\$0
8	TOTAL OTHER INCOME				\$21,833	\$54,000	\$0
9	TOTAL REVENUE				\$319,694	\$351,862	\$297,861
	AUDITS						
11	FINANCIAL AUDIT				\$0	\$0	\$3,333
12	COMPLIANCE AUDIT				\$0	\$0	\$66,667
13	REMITTANCE AUDIT				\$0	\$0	\$16,667
15	TOTAL AUDITS				\$0	\$0	\$86,667
	BANKING FEES						
16	TRUST						
17	LOCKBOX						
18	TOTAL BANKING FEES				\$0	\$0	\$0
	COMMITTEE EXPENSES						
19	PER DIEM				\$18,000	\$18,000	\$6,000
20	TRAVEL & OTHER EXPENSES				\$21,206	\$21,204	\$8,000
21	TOTAL COMMITTEE EXPENSES				\$39,206	\$39,204	\$14,000
	ADMIN/STAFF						
22	EXTERNAL STAFF				\$300,444	\$1,149,583	\$0
23	SB 669 INTERNAL STAFF *				\$859,900		\$939,420
24	INTERAGENCY COST						\$1,000
	TOTAL ADMIN/STAFF EXPENSES				\$1,160,344	\$1,149,583	\$940,420
25	TOTAL PROGRAM EXPENSES				\$1,199,550	\$1,188,787	\$1,041,087
26	PROJECTED ENDING BALANCE				\$1,354,463	(\$41,085)	\$718,387
	* See APPENDIX D for Details						

						APPENDIX B		
PPPP COMMITTEE						ADOPTED	COMMITTEE	COMMISSION
PROGRAM BUDGET FOR FISCAL YEAR 01-02						FISCAL YEAR	PROPOSED	ADOPTED
						2001-02 BUDGET	FY 2002-03	FY 2002-03
						RES. - T - 16590		
						A	B	C
1	BEGINNING FUND BALANCE					\$859,297	\$854,139	\$701,108
	REVENUES							
2	PROJECTED PAYPHONE NUMBER					248,218	255,000	248,218
3	PAYPHONE PER MONTH					\$0.08	\$0.08	\$0.00
4	SURCHARGE REVENUE **					\$99,300	\$244,800	\$0
	OTHER INCOME							
5	INVESTMENT INCOME					\$0	\$0	\$0
6	INTEREST					\$1,348	\$5,390	\$0
7	PENALTY					\$0	\$0	\$0
8	TOTAL OTHER INCOME					\$1,348	\$5,390	\$0
9	TOTAL REVENUE					\$100,648	\$250,190	\$0
	AUDITS							
11	FINANCIAL AUDIT					\$0	\$0	\$3,333
12	COMPLIANCE AUDIT					\$0	\$0	\$66,667
13	REMITTANCE AUDIT					\$0	\$0	\$16,667
15	TOTAL AUDITS					\$0	\$0	\$86,667
	BANKING FEES							
16	TRUST					\$0	\$0	\$0
17	LOCKBOX					\$0	\$0	\$0
18	TOTAL BANKING FEES					\$0	\$0	\$0
	COMMITTEE EXPENSES							
19	PER DIEM					\$5,750	\$1,000	\$6,000
20	TRAVEL & OTHER EXPENSES					\$7,750	\$2,000	\$8,000
21	TOTAL COMMITTEE EXPENSES					\$13,500	\$3,000	\$14,000
	ADMIN/STAFF							
22	EXTERNAL STAFF					\$60,837	\$129,899	\$0
23	SB 669 INTERNAL STAFF					\$184,500	\$0	\$50,000
24	INTERAGENCY COST					\$0	\$0	\$1,000
	TOTAL ADMIN/STAFF EXPENSES					\$245,337	\$129,899	\$51,000
25	TOTAL PROGRAM EXPENSES					\$258,837	\$132,899	\$151,667
26	PROJECTED ENDING BALANCE					\$701,108	\$971,430	\$549,441

				APPENDIX C		
TDD PLACEMENT INTERIM COMMITTEE				ADOPTED	COMMITTEE	COMMISSION
PROGRAM BUDGET FOR FISCAL YEAR 01-02				FISCAL YEAR	PROPOSED	ADOPTED
				2001-02 BUDGET	FY 2002-03	FY 2002-03
				RES. - T -16590		
				A	B	C
1	BEGINNING FUND BALANCE			\$2,443,002	\$773,124	\$2,095,172
	REVENUES					
2	PROJECTED BILLING BASE			\$15,181,000	19,414,000,000	15,873,000
3	SURCHARGE RATE			0.001%	0.00%	0.00%
4	SURCHARGE REVENUE			\$25,300	\$194,140	\$0
	OTHER INCOME					
5	INVESTMENT INCOME			\$21,000	\$0	\$0
6	INTEREST				\$10,000	\$0
7	PENALTY					\$0
8	TOTAL OTHER INCOME			\$21,000	\$10,000	\$0
9	TOTAL REVENUE			\$46,300	\$204,140	\$0
	AUDITS					
11	FINANCIAL AUDIT			\$3,750		\$3,333
12	COMPLIANCE AUDIT			\$0		\$66,667
13	REMITTANCE AUDIT			\$0		\$16,667
15	TOTAL AUDITS			\$3,750	\$0	\$86,667
	BANKING FEES					
16	TRUST					\$0
17	LOCKBOX					\$0
18	TOTAL BANKING FEES			\$0		\$0
	COMMITTEE EXPENSES					
19	PER DIEM			\$1,500		\$6,000
20	TRAVEL & OTHER EXPENSES			\$21,640	\$51,360	\$8,000
21	TOTAL COMMITTEE EXPENSES			\$23,340	\$51,360	\$14,000
	ADMIN/STAFF					
22	EXTERNAL STAFF			\$39,540	\$60,000	\$0
23	SB 889 INTERNAL STAFF			\$114,000	\$0	\$109,000
	INTERAGENCY COST				\$0	\$1,000
24	TOTAL ADMIN STAFF			\$153,540	\$60,000	\$110,000
	EQUIPMENT PURCHASES			\$213,500	\$100,000	\$100,000
25	TOTAL PROGRAM EXPENSES			\$394,130	\$360,000	\$310,667
26	PROJECTED ENDING BALANCE			\$2,095,172	\$617,264	\$1,784,505

		APPENDIX D		
	PSPE SB 669 IMPLEMENTATION COSTS			
		Fiscal Year 02-03		
	Wages-14 Positions			\$532,850
	20% Overhead			\$ 106,570
	Allocation/ 11 ISMD Positions			\$ 50,000
	Non Wage Costs			\$ 250,000
			TOTAL	\$939,420